CITY OF SPRINGFIELD POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT FUND

INVESTMENT POLICY STATEMENT

APRIL 2013

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I. INTRODUCTION

This document, as amended from time to time, will serve as the Investment Policy Statement for the City of Springfield Police Officers' and Fire Fighters' Retirement Plan (Plan or Fund), a defined benefit Statement pension plan qualified under Section 401(a) of the Internal Revenue Code. The Plan was established to provide retirement benefits to Police Officers and Fire Fighters employed by the City of Springfield (City) and their beneficiaries. The City of Springfield has delegated the authority to supervise, manage and monitor the Plan's investments to the Board of Trustees (Trustees or Board). The City Council and Trustees of the Fund hereby adopt and approve this Statement.
The Board desires to achieve investment results that will culminate in promised Plan benefits being ultimately paid to Plan participants and their beneficiaries. The objective of this Statement is to foster an effective working relationship with the Investment Manager(s) through a discipline of good communication. The Statement is intended to provide the Board, the Investment Consultant, and the Investment Manager(s) with a foundation from which to understand specific investment strategies, so that the Board and Investment Consultant can effectively evaluate the performance of the Investment Manager(s) and oversee the management of the Fund in a prudent manner. Each individual Investment Manager and the Investment Consultant shall agree in writing to their fiduciary duties to the Fund and the Board and these objectives and policy and manager specific guidelines by executing the attached Schedule I.

This Statement is not intended to remain static. The Investment Consultant will recommend changes and the Board and its Investment Consultant will periodically review and update, with City Council specific approval by ordinance, this Statement if necessary. Recommendations from the Investment Manager(s) and Investment Consultant for modifying this Statement shall be made where investment conditions so warrant.

The Plan is closed to new members. It is expected that most, if not all, members will retire by 2030. The funding policy is designed to pay off the actuarial unfunded liability by the time the last active member retires. Therefore, significant funding requirements beyond that point in time should only occur if actuarial losses arise. Over time, as this closed group ages, aggregate benefit payments will exceed contribution income by increasingly greater amounts. It is expected that this investment policy will need to be modified from time to time in the future in order to accommodate the fund's needs for cash to pay benefits.

II. PURPOSE OF INVESTMENT POLICY STATEMENT

A. Oversight of Plan's Investments

The Trustees have the responsibility, among others, to make decisions and delegate responsibility related to the supervision, management and monitoring of the investment of the Plan's assets. The purpose of this Statement is to formalize the guidelines and objectives related to the investment of the Plan's assets, including the standards for selecting and monitoring the Plan's investments, and the persons or entities (if any) to whom the authority and responsibility for management of those investments is delegated by the Trustees. This Statement presents the Plan's general investment philosophy and identifies specific guidelines and objectives related to investment return and risk with respect to management of the Plan's assets. The Trustees will use these guidelines and objectives to select, supervise, monitor and evaluate the Investment Consultant, Investment Managers and investments and make decisions about the suitability (and continued suitability) of the Plan's investments, and the management of these assets, in light of the Plan's contribution source, accrued benefit liabilities, benefit payment stream, and other relevant factors.

This Statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to insure that prudence and care is taken in the execution of this Statement.

B. The Plan's Contribution Source, Benefit Liabilities and Benefit Payments

Contributions to the Plan are made by the City of Springfield pursuant to Sec. 2-457 (b) of the Retirement Plan Provisions for the Police Officers and Firefighters Retirement System (the Plan).

Contributions to the Plan are made by the participants of the plan under Section 2-455 and returned to the participant upon leaving service or death as provided in Section 2-456 of the plan. The funding of the Plan depends on some of the following factors:

1. the number of persons employed during any given period of time;
2. the number of years of service of work by the covered employees;
3. the salary of the covered employees;
4. the timing and amount of the City of Springfield and plan participant's contributions to the Plan; and
5. the performance of the investment of the Plan's assets.

The contribution rate is determined upon consideration of many factors, including but not necessarily limited to, the Plan's benefit accrual formula, the projected benefit accruals under the Plan, benefit payment obligations, and performance of the Plan's investments over extended time horizons.

Benefits are paid by the Plan upon a distributable event, such as death, disability or retirement of a covered employee. Benefits obligations are paid monthly to eligible retirees and beneficiaries. Significantly for purposes of the Plan's liquidity needs, the Plan also makes lump sum payments for return of contributions to plan participants.

III. INVESTMENT GUIDELINES

A. General Fiduciary Obligation

In establishing, monitoring and modifying this Statement, and in complying with the guidelines and standards, established in this Statement the Trustees will endeavor to act prudently, and exclusively in the best interests of the Plan's participants and beneficiaries. "Prudence" is defined as outlined in the Missouri Statutes sections 105.687 -105.689. The Trustees will diversify the investments of the Plan's assets so as to minimize the risk of large losses, unless under the circumstances then prevailing it is clearly not prudent to do so.

B. Long Term Risk and Reward

This Statement reflects consideration of the long-term funding requirements of the Plan. The

Trustees recognize that expectations for the returns to be earned on the different classes of Plan assets in the future may not be realized. However, the expectations reflected in this Statement are considered by the Trustees to be reasonable, given the historical experience covering long-term periods and the belief that the capital markets will remain viable. Long-term is defined as over 10 years. If the assumptions are not realized, the Trustees recognize that a shortfall of actual investment returns from those expected could require increased contributions or a reduction in future benefit accruals, or other Plan modifications.

C. Preservation of Assets and Purchasing Power

The fundamental objective of the Plan's investments is to avoid a diminution in the purchasing power of the Plan's assets (relative to inflation), and to assure satisfaction of the Plan's long-term liquidity needs. The Trustees believe it is appropriate for the Plan to assume a prudent degree of investment risk, with diversification of Plan assets among different classes of investments as a means of reducing risk. The Plan can and will tolerate some variability in market value and rates of return in order to achieve a greater long-term rate of return.

D. Selection of, and Changing, Investment Managers

The Trustees may retain Investment Manager(s) (Manager) to assist them in their responsibility to manage the Plan's assets. Any Manager retained will construct and manage investment portfolios within the guidelines of this Statement. The Managers will select specific securities, buy and sell such securities, and manage any assets assigned to them within the guidelines in this Statement. The Statement is intended to allow enough flexibility for the Managers to respond to changing economic conditions and securities markets within the guidelines set out in this Statement.

In selecting a Manager, the following criteria may be taken into account but not necessarily limited to:

- Risk assessments, such as standard deviation, tracking error, information ratio and sharpe ratio
- Background of investment professionals
- Investment philosophy
- Investment process, including buy and sell discipline
- Portfolio diversification and risk controls
- Investment management fees and expenses
- Quality of Manager reports and communications
- Comparison of Manager's results to appropriate market indices and universes
- Compliance with regulatory agencies and all duties as required by an Investment Manager as defined by ERISA
- Investment performance

All separate account Managers retained will be required to specifically acknowledge their fiduciary relationship with the Fund. A Manager may be replaced at any time by the Trustees. The Manager is required to acknowledge the guidelines and objectives in this Statement and agrees to manage Plan assets in accordance with this Statement. The Trustees may select more than one Manager for any asset class. The Trustees may choose to use separate account Managers or pooled funds, such as mutual funds or collective trust funds, to satisfy management of any asset class based on criteria as determined by the Trustees. Both active and passive Managers can be considered.

Where pooled funds are used, they should substantially comply with this Statement or the Plan may invest, through Managers, in commingled vehicles such as mutual funds or common (group) trust funds which are institutional in nature (e.g., without loads, 12b-1 fees, open only to institutional investors) invested in a similar manner and similar investments as are permitted by this Statement and the associated portfolio guidelines. However, when utilizing such a commingled vehicle, the Plan's portfolio will be managed according to the fund's prospectus, private placement memorandum and/or trust document and said prospectus, private placement memorandum and/or trust document shall be considered a part of the Plan's investment policy and this Statement. In the event of any conflict between such a prospectus, private placement memorandum and/or trust document and this Statement, the prospectus, private placement memorandum and/or trust document will control and the areas of conflict will be outlined in detail by the Manager to the Committee. In addition, the Plan's Investment Consultant shall advise the Committee whether or not such differences are reasonable and the investment suitable. The Manager shall immediately notify the Committee of any change or amendment to the prospectus, private placement memorandum and/or trust document or the investment guidelines thereto.

If any Manager, for whatever reason, does not acknowledge, or is unwilling to acknowledge, compliance with this Statement, the Board may still approve such Manager and utilize such Manager for the discretionary investment of Fund assets, only if the Investment Consultant, despite the above failure to acknowledge, recommends such Manager as suitable as a Manager for the Fund and the Board utilizes such Manager in the manner recommended by the Investment Consultant.

The Trustees will also review the suitability of a Manager upon a change in personnel or a perceived or announced change in investment style or objectives or a material change in ownership of the firm. The Investment Manager shall notify the Trustees and the Investment Consultant of any such changes. The Trustees have the right to eliminate and, as appropriate, replace any Manager that ceases to be suitable based upon the criteria set out in this Policy. The Trustees may add additional Managers, as they deem appropriate in their discretion.

In the event the Trustees determine that a Manager is no longer suitable, the Trustees shall select another Manager within the same asset class, and direct that amounts then invested with the unsuitable Manager be transferred to the new Manager for management.

E. Portfolio Restrictions and Diversification Requirements

Investment in the following types of marketable securities is not permissible: derivatives (except when used in a conservative manner), options, warrants, collectibles, all securities issued by any affiliate of the Plan's investment managers.

The Manager, except for the hedge fund of funds Manager, may not engage in the following types of transactions: short sales or any other marginable transactions, option writing, or any other transaction that unduly increases risk in the portfolio.

The diversification of equity and fixed income securities held in each portfolio among sectors and issuers is the responsibility of the Manager for their respective portfolios. The Managers are expected to diversify their respective portfolios sufficiently to minimize the risk of a large loss from a single security.

Other strategies such as securities lending and commission recapture programs may be considered by the trustees to offset Plan expenses.

No more than 3.5% of the Fund may be invested in the common stock of a single corporation or bonds of an entity not guaranteed by the United States Government.

No more than 5% of the outstanding shares of any corporation may be owned.

Initial funding allocated to an investment manager shall not exceed 20% of similar funds under management by the investment manager.

No investment management firm shall manage more than 20% of the total Fund assets except for passively managed index funds.

No more than 5% of the targeted real estate allocation may be invested in any one real property.

IV. ASSET ALLOCATION

The Trustees herein recommend the appropriate broad asset types to City Council for their approval. The Board of Trustees may add, delete or change asset classes within those asset types at their discretion at any time within the parameters established by the City Council in this Statement. In selecting the asset classes, the Trustees will choose asset classes reasonably designed to further the purposes of the Plan, taking into account:

1. The recommendation of the Investment Consultant;

2. The risk of loss and opportunity for gain associated with the asset classes, both objectively and in light of the acceptable risk permitted by this Statement, taking into account the correlation of the various asset classes and the time horizon over which the Plan is likely to have assets invested in the asset classes;

3. The composition of the available asset classes with regard to the Plan's opportunity to meet its objectives without exceeding the prudent risk tolerance permitted by this Statement consistent with the asset allocation.

4. The composition of the available asset classes with regard to the Plan's opportunity to achieve diversification of its investment portfolio;

5. The liquidity and current return with respect to the asset classes, relative to the specific cash flow requirements of the Plan; and

6. The projected return available with respect to the asset classes, relative to the funding objectives of the Plan.

The Trustees may change the asset classes and target at any time within the parameters established by the City Council. All percentages are based on market values. Each Investment Manager may hold cash under the guidelines set out below, but that cash shall be considered invested in the asset class assigned.

The asset classes, investment strategy, approved ranges, standard deviation and target returns that the Board and City have adopted for the overall allocation of the Fund's assets are as follows:

Asset Types	Range	Sub-Asset Classes, Target Returns and Asset Classes	Target
Equities	25% -75%	US Equity	16%
		Developed Equity	15%
		Emerging Market Equity	10%
Fixed Income	20% - 50%	Core Fixed Income	10%
		Inflation Linked Bonds	5%
		Developed Fixed Income	9%
		Emerging Market Debt	5%
		Long-Term Fixed Income	10%
Alternatives	0% - 35%	Real Estate	5%
		Hedge Fund of Funds	10%
		Commodities	5%

A separate sub-account will be used to receive contributions and pay benefits and expenses. As this sub-account is not intended for long-term investment, it will not be subject to performance measurement criteria and asset allocation as stated in this Statement. However, if expenses of the Plan are paid from this account, such amounts will be reflected in the overall performance reports of the Plan.

It is not the intention of the Board to become involved in day-to-day investment decisions. Therefore, the assets are allocated to one or more professional Investment Managers in a manner consistent with the Statement and supervised and monitored by the Board and Investment Consultant as necessary to insure compliance with the asset allocation and diversification requirements of this Statement.

In order to provide an appropriate level of diversification for the Fund, Investment Managers with complementary or diverse investment styles may be retained as recommended by the Investment Consultant. Each separate account Manager will be required to sign and acknowledge these objectives and policies as well as guidelines specific to each Investment Manager's investment style.

V. REBALANCING

It is the Trustees' responsibility, with the advice, recommendations and assistance of the Investment Consultant, to monitor the asset allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications for each individual Investment Manager and directing the Investment Consultant to monitor the asset classifications actually held by the Investment Managers. Because markets do not move in concert, actual allocations are expected to deviate somewhat from specific targets at any time but shall not go beyond the prescribed limits set out above. The Fund will be rebalanced appropriately at the direction of the Investment Consultant and/or the Trustees' to keep allocations within the prescribed limits. Such rebalancing will be accomplished within one calendar quarter of the deviation from the prescribed limits. The Investment Consultant shall notify the Trustees when rebalancing is appropriate.

As markets move over time, the actual asset mix of the Fund's portfolio may diverge from the target allocations established by the Board through the asset allocation process. If fund assets are allowed to deviate too far from the target allocations there is a risk that the portfolio will fail to meet the management objectives set by the Board. On the other hand, the Board is aware that continual rebalancing of the portfolio to the asset allocation targets may result in significant transaction costs, cognizant of these risks, the Board directs the Managers and Investment Consultant to rebalance the Fund portfolio in accord with the following guidelines and procedures:

1. With respect to each major asset class and to the investment structure within each asset class for which the Board has set a target allocation, the Board, in consultation with its Staff and its Investment Consultant, will establish rebalancing range limitations. Generally, the Board will require tighter ranges for the asset class groups (e.g., total equity and total fixed income) than for the investment structure within each asset class.

2. The Investment Consultant will monitor the portfolio's asset allocation relative to the target allocations. If the actual allocations fall within the defined ranges, no rebalancing will be required. If actual allocations to an asset class, or within an asset class based on a target investment structure within a given asset class, fall outside the predetermined range, the Board, Investment Consultant and Managers will implement a rebalancing back to the target allocation. In no event will rebalancing be required to occur more frequently than every three months.

3. Managers and the Investment Consultant will report all rebalancing activities to the Board on a quarterly basis at a minimum. In circumstances where it is impractical to rebalance the portfolio for any market or portfolio-specific reason, the Investment Consultant shall assess the rebalancing options, notify the Board of the out of balance situation, and report its recommendations to the Board and the Investment Consultant

4. "The asset allocations shall be reviewed on a quarterly basis and the Investment Consultant shall convey a recommended rebalancing plan to the Board" if any sub-asset class valuation deviates more than 25% from the target set forth above. Such recommendation shall be conveyed within 30 days of the end of each such quarter.

VI. STANDARDS OF INVESTMENT PERFORMANCE

A. General Objective

The Plan's general investment objectives are broad in nature. The following objectives, consistent with the above described purpose, City Charter and Code, and State Statutes and Constitution, are adopted:

1. The overall goal of the Plan is to provide Plan participants with benefits as set forth in the governing documents. This will be accomplished through a carefully planned and executed investment program. The Plan's investment program shall, at all times, comply with existing and future applicable city, state, and federal regulations. All transactions

undertaken will be for the sole benefit of the Plan's participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses associated with the Plan.

2. The Plan has a long-term investment horizon and uses an asset allocation, which encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance.

B. Actuarial Objective

The Plan's investment objective is to realize an investment return that, at a minimum, equals the Plan's actuarial long-term rate of return assumption on an ongoing basis. Currently, this actuarial interest assumption is seven and one-half percent (7½%) net of all expenses of the Plan. Other strategies such as securities lending and commission recapture programs may be considered by the Trustees.

C. Market Related Objectives

The Plan's investment objectives should be pursued as long-term goals designed to maximize return while reducing exposure to undue risk as set out in this Policy. All returns will be measured in terms of total return based on market value. Total returns will be defined as all income paid or accrued plus realized and unrealized capital gains and minus losses, net of plan expenses.

The investment horizon of the Fund is currently long term. The Fund's primary investment objective is to maximize the total rate of return subject to the preservation of capital only to the extent necessary to cover Fund obligations to beneficiaries and participants.

Preservation of capital encompasses two goals:

- minimizing the risk of unplanned loss of principal for the Fund as a whole; and
- minimizing the unplanned erosion of principal value through inflation.

The primary means by which sufficient capital preservation is to be achieved is through diversification of the Fund's investment across various asset classes. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined by the investment manager(s) in accordance with this Statement and the manager specific guidelines, which will be signed by both the Manager(s) and the Board and will incorporate, by reference, all of the provisions of this Statement.

The long-term performance expectations for the entire Fund are as follows:

The investment objective of the total Fund, over the long term , is to earn a return on investments matching or exceeding the required actuarial rate of return and investment performance at or above the median of a universe of public funds without taking unreasonable risks. Active managers should provide value added net of fees. Active management returns should exceed the corresponding index net of fees by an amount commensurate with the risk incurred as well as the other standards set out in this Statement.

D. Customized Index

Over a complete market cycle (typically 3 to 7 years), the total Fund performance has a goal of outperforming, net of fees, a weighted passive portfolio comprised of a mix of 12% S&P 500 Index, 4% Russell 2000 Index , 16% MSCI Net EAFE Index, 8% MSCI EM FREE Index, 10% Barclays Capital Aggregate Index, 10% Citi World Government Bond ex-US, 5% JPM EMB Index, 5% Barclays US TIPS Index, 10% [Representative Long Duration Index TBD],5% NCREIF ODCE (Equal Weighted) Index, 5% DJ UBS Commodity Index) 10% HFRI FOF Conservative Index.

E. Manager Specific Benchmarks

Benchmarks specific to each managed portfolio are outlined in Section XV, Exhibit A of this document. Performance versus said benchmarks will be judged over a complete market cycle (typically 3 to 7 years).

F. Performance Measurement

The performance expectations of the Board are hereby communicated to the Investment Manager(s) consistent within their respective guidelines found in Exhibit A. These will include comparisons to benchmark returns and standard deviations as well as agreed upon universe comparisons. Quarterly performance will be evaluated, with the assistance of the Investment Consultant, to test progress toward attainment of longer-term goals. It is understood that there are likely to be short-term periods during which performance deviates from market indices, and during such times, greater emphasis shall be placed on performance comparisons with managers employing similar styles. Short term deviations from the bench mark and the universe are to be expected. In order to be consistent among the Fund's multiple investment portfolios, and for universe comparisons to remain valid, rates of return shown in the performance reports produced by the Investment Consultant will be both gross and net of fees. However, each Investment Manager is expected to outperform its respective benchmark on a net of fee basis as detailed below. Each Manager is required to report its performance on a before and after fee basis.

The respective benchmark and universe for each Investment Manager will be stated in the Manager Specific guidelines found in Exhibit A of this document.

Domestic Equity Portfolio

1. Achieve a rate of return which exceeds the Investment Manager's respective index/benchmark over a complete market cycle (typically 3-7 years) on an after fee basis.

2. Achieve a positive risk (standard deviation)/reward trade-off when compared to the Investment Manager's respective index/benchmark.

3. Achieve annualized performance results, which rank above the universe median for equity managers with similar characteristics over a complete market cycle (typically 3-7 years).

International Equity Portfolio

1. Achieve a rate of return which exceeds the Investment Manager's respective index/benchmark over a complete market cycle (typically 3-7 years) on an after fee basis.

2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.

3. Achieve annualized performance results, which rank above the universe median for international equity managers with similar style characteristics over a complete market cycle (typically 3-7 years).

Fixed Income Portfolios

1. Achieve a rate of return which exceeds the Investment Manager's respective index/benchmark over a complete market cycle (typically 3-7 years) on an after fee basis.

2. Achieve a positive risk (standard deviation)/reward trade-off when compared to the Investment Manager's respective index/benchmark.

3. Achieve annualized performance results, which rank above the universe median for fixed income managers with similar style characteristics over a complete market cycle (typically 3-7 years).

Real Estate Portfolios

1. Achieve a rate of return which exceeds the Managers' respective index/benchmark over a complete market cycle (3-7 years) on an after fee basis.

2. Achieve a positive risk/reward trade-off when compared to the investment managers' respective index/benchmark.

Commodity Portfolios

1. Achieve a rate of return, which is similar to the relevant market index on a gross of fee basis.

2. Maintain a similar risk profile and portfolio characteristics as the relevant benchmark.

Passive Portfolios

1. Achieve a rate of return, which matches the relevant market index on a gross of fee basis.

2. Maintain a similar risk profile and portfolio characteristics as the relevant benchmark.

Hedge Fund of Fund Portfolios

1. Achieve annualized performance results, which exceeds an appropriate benchmark of similar fund of fund products such as the HFRI FOF Conservative Index.

2. Achieve a rate of return greater than the risk free rate plus an acceptable premium to be determined when manager is hired over the longer term (5+ years).

VII. PORTFOLIO INVESTMENT POLICIES

A. General

The Board has sole discretion to select and replace the Investment Manager(s) and to allocate assets among them.

The Board shall review each Investment Manager's portfolio and shall endeavor to at least annually to review the Manager's investments, returns, changes in staff, market environment, and any other pertinent items. The Investment Consultant shall monitor the Fund's portfolio on an ongoing basis consistent with its fiduciary duty and the terms of its Agreement with the Fund.

The Investment Manager(s) are expected to perform their fiduciary duties prudently as required by ERISA and shall conform to all applicable laws governing the investment of retirement funds, including without limitation, ERISA (even though not otherwise applicable). In addition, the Investment Manager(s) shall qualify as an investment manager under Section 3(38) of ERISA.

The Investment Manager(s) is prohibited from entering into any transactions for the Fund, which are not authorized by this Policy or their specific guidelines, without the advance written consent of the Board. The Investment Manager shall not engage in any transaction prohibited by ERISA unless permitted by an individual or class exemption established by the U.S Department of Labor. No Manager shall invest in securities of a participating employer except to the extent permitted under ERISA.

The Asset Class Investment Guidelines set forth below shall not apply with respect to commingled fund accounts. The internal guidelines applicable to any such commingled fund account shall apply instead.

B. Asset Class Investment Guidelines

1. **Domestic Equity**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this document.

a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income). All equity investments shall be of companies whose respective market capitalizations are consistent with the Manager's specific benchmark.

b. All securities shall be of a class listed on a national securities exchange (NYSE, AMEX) or traded in the over-the-counter market and quoted on the National Association of Securities Dealers Automatic Quotation Service.

c. Industry and sector allocations should ensure prudent diversification and risk control.

d. Investment in any issuer must be limited to 3.5% of the portfolio based on market value.

e. The maximum total portfolio investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions had been made by the portfolio).

f. The Investment Managers are prohibited from investing in commodities, private placements, direct real estate investments, direct oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.

g. The Investment Managers are prohibited from investing in letter or restricted stock, options, futures and forward contracts and/or any other derivative instrument.

h. The Investment Managers are prohibited from engaging in short sales, margin transactions or other specialized investment activities.

i. The Investment Manager(s) shall not purchase securities whose issuers have currently filed a petition for bankruptcy. Securities of issuers that file for bankruptcy subsequent to purchase resulting in violation of this restriction may be held at the Investment Manager's discretion. However, written notice including Investment Manager's position on the issue and intended action, shall be promptly submitted to the Trustees.

j. The Investment Manager(s) may invest in equity securities of foreign issuers subject to the above restrictions and to a maximum of 10% of the equity portfolio based on market value. These holdings shall be limited to those denominated in U.S. dollars and listed and traded on major domestic exchanges.

2. **Domestic Fixed Income (Core, TIPS, Long Term Bonds)**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this document.

The fixed income portion of the Fund's assets shall be invested in marketable fixed income securities of the first four quality grades as established by one or more of the nationally recognized bond ratings services. The average quality of all the Bond holdings in each Investment Manager's portfolio should be maintained at A or better as measured by at least one credit ratings service. In cases where the yield spread adequately compensates for additional risk, up to 20 % of the value of this fixed income portfolio may be invested in below BBB securities provided they are easily tradable and overall fixed income quality is maintained. The following instruments are acceptable:

a. Commercial Paper or Variable Rate Notes rated P-1 Moody's, A1 by Standard & Poor's or F1 by Fitch.

b. Certificates of Deposit and Bankers Acceptances rated A or better by Moody's Investor's Service or equivalent by Standard & Poor's.

c. United States Treasury Bonds, Notes and Bills.

d. Debt instruments of the U.S. Government or its Agencies.

e. Publicly traded dollar denominated U.S. corporate debt, sovereign and supranational entities rated the equivalent of Baa3/BBB- or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services. In case of split rating among the three rating services, the Investment Manager shall defer to the middle rating. In the event that ratings are provided only by two agencies, the Investment Manager shall defer to the lowest rating; if only one agency assigns a rating, then the Investment Manager may accept it as the assigned rating.

f. Portfolio duration should be $\pm$ 20% of the benchmark.

g. Securities downgraded by any or all rating agencies outlined above, subsequent to purchase resulting in violation of quality guidelines may be held at the Investment Manager's discretion. However, written notice including the Investment Manager's position and reasoning on the issue and intended action shall be promptly submitted to the Trustees and their Investment Consultant.

h. The Investment Managers may not hold more than 5% of the portfolio in any one issuer's securities other than direct obligations of the U.S. Government or its agencies based on market value.

i. Unrated securities may not be purchased without prior written approval of the Board. If an Investment Manager ranks an unrated security as investment grade, prior written approval from the Trustees must be received before purchase.

j. The Investment Managers may invest up to 5% of the portfolio in preferred stock, warrants and convertible securities when prudent opportunities exist based on market value.

k. The Investment Managers may invest in fixed income securities of foreign issuers subject to the above restrictions and to a maximum of 10% of the fixed income portfolio based on market value. These holdings shall be limited to those denominated in U.S. dollars and listed or traded on major domestic exchanges.

l. Private Placements are explicitly prohibited with the exception of 144A securities, which can be included up to 5% of the fixed income portfolio based on market value.

m. The Investment Managers may not use derivative securities to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will a Manager undertake a derivative investment possessing elements of leverage or that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed the limits implied by the benchmark. The Managers will report on the use of permissible derivatives on a quarterly basis to the Trustees.

n. The Investment Managers may not engage in short sales or margin purchase.

3. **International Equity (Developed and Emerging Market)**
Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this document.

a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income). All equity investments shall be of companies whose respective market capitalizations are consistent with the Investment Manager's specific benchmark.

b. An Investment Manager may not invest in commodities, private placements (unless specifically allowed), direct real estate investments (unless specifically allowed), direct oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.

c. Industry and sector allocations should ensure prudent diversification and risk control.

d. Investment in any issuer must be limited to 5% of the market value of the portfolio.

e. The maximum total Fund investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions had been made by the Fund).

f. The portfolio will be well diversified. At all times, equity holdings from at least five different countries must be held. The allocation to any one country may not exceed 35% of the total market value of the portfolio.

g. An Investment Manager shall not use derivative securities to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will an Investment Manager undertake a derivative investment possessing elements of leverage.

h. An Investment Manager may not engage in short sales or margin purchases.

i. An Investment Manager is prohibited from investing in letter or restricted stock, and options.

j. Currency hedging for defensive purposes only will be permitted. Foreign currency exposure may be exchanged only for U.S. dollar exposure. Cross-hedging of currency is forbidden.

k. An Investment Manager shall not purchase securities whose issuers have filed a petition for bankruptcy. Securities of issuers that file for bankruptcy subsequent to purchase may be held at the Investment Manager's discretion. However, written notice including the Investment Manager's position on the issue and intended action, shall be promptly submitted to the Board.

l. Emerging Market Equity investments in the Developed Market Equity portfolio will be restricted to 30% of the International Equity portfolio.

4. **International Fixed Income (Developed and Emerging Market Debt)**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this document.

The international fixed income portion of the Fund's assets shall be invested in marketable fixed income securities of BBB- or higher by Standard & Poor's, Baa3 or higher by Moody's, or BBB- or higher by Fitch, as determined at the time of purchase, counting cash and cash equivalents toward such percentage. If the ratings assigned to a security by Standard & Poor's, Moody's, and/or Fitch are not the same, the lowest rating of these rating agencies will be used. The average quality of all the Bond holdings in each Investment Manager's portfolio should be maintained at A or better. In cases where the yield spread adequately compensates for additional risk, up to 20

% of the value of this fixed income portfolio may be invested in below BBB securities provided they are easily tradable and overall fixed income quality is maintained. The following instruments are acceptable:

a. Corporate bonds.

b. Securities issued or guaranteed by state, local and foreign governments, their related agencies or instrumentalities.

c. Mortgage-backed and asset-backed securities, collateralized mortgage obligations, and REIT debt.

d. Zero coupon securities.

e. Private placement securities, (including, without limitation, securities originally issued pursuant to Rule 144A and Regulation S securities).

f. Foreign securities (including, but not limited to, corporate issues, sovereign issues, U.S. and non U.S. dollar denominated securities, eurobonds, global bonds, yankee bonds and emerging market debt securities).

g. Supranational debt

h. Foreign currency exchange transactions (including forward foreign currency exchange transactions).

i. Mortgage rolls, dollar rolls and to be announced securities ("TBAs").

j. Currency linked structured notes and other currency-linked securities.

k. Commercial paper and other cash equivalents.

Other restrictions are as follows:

l. Portfolio duration should be within + 20% of the benchmark's average duration.

m. The Investment Managers may not hold more than 5% of the market value of the portfolio (at time of purchase) in any one issuer's securities, except securities issued or guaranteed by the Government, its agencies or instrumentalities or government sponsored entities of Canada, United Kingdom, Germany, France, Australia, New Zealand and Japan.

n. No industry will comprise more than 25% of the market value of the portfolio, as determined at the time of purchase.

o. The Investment Manager may not invest in mutual funds or other commingled fund of any type without the prior approval of Trustees, except for the short-term investment fund of the Fund's custodian.

5. **Real Estate**

The Real Estate portion of the Fund's assets may be invested in pooled Real Estate vehicles, limited partnerships, or other types of Real Estate investments as determined by the Trustees in consultation with the Investment Consultant.

6. **Commodities**

The Commodity portion of the Fund's assets may be invested in pooled commodity vehicles, or other types of commodity investments as determined by the Trustees in consultation with the Investment Consultant.

7. **Hedge Fund of Funds**

The Plan may invest in Hedge Fund of Fund products as described below:

Low volatility hedge funds which are special security trading strategies intended to reduce portfolio volatility while achieving greater returns than are likely to be achieved from investments in fixed income.

Total return hedge funds which are return-seeking strategies designed to outperform traditional asset class returns with little or no additional exposure to large stock market losses.

These strategies are designed to have relatively low correlations to publicly traded equity portfolios.

Investments will be diversified across multiple strategies in the case of hedge funds to reduce risks associated with any one strategy or any one manager.

Various references to prohibited securities and transactions in this document may not apply to alternative investment managers.

8. **High Yield Debt**

The dedicated High Yield bond portfolio, if any, shall invest at least 80 % of its assets in those corporate securities that are rated below investment grade by any of the credit rating agencies. It is anticipated that this allocation will provide both higher income and higher capital appreciation than core fixed income securities. It is also understood that these bonds are more volatile, and therefore risky, than core fixed income securities and the Trustees may, in their discretion, accept this increased risk. To manage this risk, the portfolio will be diversified such that no more than 20 % of the entire fixed income portfolio shall be in High Yield bonds.

9. **Cash and Cash Equivalents**

Un-invested cash balances should be kept to a minimum through the prompt investment of available funds in short-term or more permanent security holdings.

To the extent permitted by their Investment Management Agreement and applicable law, Investment Managers may utilize internally managed money market funds for this purpose, provided that they earn a competitive yield, and upon obtaining advance written approval from the Board of Trustees. Investment Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at time of purchase. Commercial paper assets must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively. The Investment Managers may not purchase short-term financial instruments considered to contain speculative characteristics (uncertainty of principal and/or interest). The Investment Managers also may not invest more than 5% of the portfolio's market value in the obligations of a single issuer, with the exception of the U.S. Government or its agencies. Within the limitations mentioned above and the targets established in the "Manager Specific Guidelines," the Investment Manager has complete discretion to allocate and select short-term cash and equivalent securities.

10. **Corrective Action**

In the event a limitation herein is exceeded due to a change in market value, corporate event, or securities downgrade, the Manager shall take such action as the Manager deems prudent to cause the portfolio to return to compliance with the guidelines as soon as feasible, consistent with its fiduciary duty, but no later than 90 days. Written notice shall be promptly submitted to the Trustees and their Investment Consultant, which includes the Manager's position on the issue and intended action.

VIII. RESPONSIBILITIES OF THE INVESTMENT MANAGER

The providers of investment management services (Investment Managers or Managers) are expected to undertake dynamic and flexible discretionary management of Plan assets. The investment strategy they apply must be in keeping with their published investment strategy as provided to the Trustees and/or to the consultant to the Trustees, and as set forth in this document The prohibited transactions and securities guidelines of the Plan shall be observed at all times. The Manager shall not engage in any transaction or practices that violate Securities and Exchange Commission or exchange laws, rules or regulations.

A. Fiduciary Liability

The Managers acknowledges that investment decisions will be made in the sole interest and for the exclusive purpose of providing benefits to participants. All assets must be invested with the care, skill and diligence that a prudent person familiar with such matters acting in a like capacity would use in a similar enterprise. The Managers will assume the responsibility for investment performance and comply with all fiduciary requirements required by law. All investments will be made within the guidelines of quality, marketability and diversification mandated by any controlling statutes. The Managers are granted full discretion to manage their respective portfolios within the constraints and guidelines of this Policy. The Managers will acknowledge and accept this fiduciary responsibility by executing this document. The Managers shall comply with the fiduciary responsibility standards and requirements as stated in the Employee Retirement Income Security Act (ERISA) of 1974, as amended, and rules and regulations thereunto, even though this Plan is not specifically subject to ERISA.

B. Communication and Reporting Requirements

In addition to any requirement under the Manager's Investment Management Agreement, the following requirements shall apply to Investment Managers.

1. The Investment Manager(s) is required to provide reports (as applicable) to the Board of Trustees and the Trustee's Investment Consultant. Reports should have the following frequency and include the following:

    a. Quarterly market and book value of all security holdings.

    b. Quarterly performance results compared with designated benchmarks.

    c. Quarterly brokerage commission report.

    d. Quarterly equity and fixed income turnover ratio report.

    e. Quarterly derivative use report, if appropriate.

    f. Quarterly quality ratings of the fixed income investments including average quality.

    g. Notice of changes in organizational structure, ownership and key personnel of the firm (No longer than 14 calendar days after such occurrence).

    h. Notice of litigation brought by a client or former client against the investment manager relating to Investment Advisory services provided by the investment manager and any enforcement proceeding that would have an effect on the investment manager if the investment manager has been notified by a regulatory agency that it is the subject of such enforcement proceeding (as soon as possible, not to exceed 14 days).

    i. Notice of any disciplinary proceeding threatened, pending or instituted against the investment manager, within 14 days of notice of such actions.

    j. Annual filing of Form ADV with the Securities and Exchange Commission.

2. The Investment Manager(s) must meet with the Board and the Investment Consultant as often as may be reasonably required. The Manager shall provide the Board of Trustees and the Investment Consultant a written summary, which addresses the subjects identified below, at least seven days prior to each of its meetings:

   a. Performance for the Past Period: Standard time periods for each report will be Last Quarter, Year to Date, Latest 12 Months, 3 Years, 5 Years, since inception. Returns (for time periods greater than one year) should be annualized and calculated on a time-weighted basis for the total portfolio. All returns should include income and dividends and be reported both gross and net of investment management and brokerage fees.

   b. Rationale for Performance Results: Discussion of the rationale for performance results, relating them specifically to the individual investment strategy and tactical decisions implemented by the Investment Manager during the current review period.

   c. Specific Near-Term Strategy: Discussion of the Investment Manager's specific strategy for the portfolio over the near-term period, with specific reference to asset mix (including cash position) and expected portfolio characteristics.

   d. Changes in Investment Manager's Firm: Discussion of any relevant changes in the Investment Manager's firm, including professionals.

   e. Changes in the Board's Requirements: Discussion of proposed modifications to the investment program and strategy including this Statement, if any.

These meetings will also provide the Investment Manager(s) with the opportunity to explain how their investment strategy/outlook has evolved since previous meetings.

3. The Investment Manager(s) shall be responsible for reviewing these guidelines on an ongoing basis. Whenever the Investment Manager(s) believes that any particular guideline or objective should be changed or deleted, it is the responsibility of the Manager(s) to initiate formal communication with the Trustees.

4. The Investment Manager(s) may not act upon written or oral instructions from any person except the full Board or its duly authorized representatives.

C. Brokerage, Trading and Other Duties of the Investment Managers

In addition to any requirement under the Manager's Investment Management Agreement, the following requirements shall apply to Investment Managers.

1. The Investment Manager agrees to maintain records of its brokerage practices, including records of the broker used on each transaction and the amount paid to each such broker. The Investment Manager agrees to disclose such information to the Board of Trustees or the Investment Consultant upon request.

2. As to investments in any security for which the Investment Manager or any of its affiliates is a market maker, the Investment Manager agrees that it will not affect the transaction for that investment through itself or any of its affiliates unless (a) the Investment Manager is able to demonstrate in writing after the transaction that such trade is lawful, would not constitute a non-exempt prohibited transaction under ERISA and (b) the Investment Manager provides the Board of Trustees and the Investment Consultant with written notice of such investment after the transaction setting forth all direct and indirect compensation to such Investment Managers and any affiliate or representative.

3. The Investment Managers shall also perform the following duties:

    a. Contract by written agreement with the Board to invest within approved guidelines.

    b. Provide the Board with proof of liability and fiduciary insurance coverage.

    c. Be an SEC-Registered Investment Advisor under the 1940 Act or an authorized bank or trust, and be recognized as providing demonstrated expertise in the management of institutional, tax exempt assets within a defined investment specialty.

    d. Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.

    e. Obtain best execution for all transactions for the benefit of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Fund, and, where appropriate, facilitate the recapture of commissions for the Fund's benefit.

    f. Reconcile monthly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian and the Board's staff.

    g. Maintain frequent and open communication with the Board and Investment Consultant on all significant matters pertaining to the Fund, including, but not limited to, the following issues:

        i. Major changes in the Investment Manager's investment outlook, investment strategy, and portfolio structure;

ii. Significant changes in ownership, organizational structure, financial condition, or senior personnel;

iii. Any changes in the Portfolio Manager or other personnel assigned to the Fund;

iv. Each significant client that terminates or separates voluntarily its relationship with the Investment Manager, within 30 days of such termination/separation;

v. All pertinent issues that the Investment Manager deems to be of significant interest or material importance; and,

vi. Meet with the Board and/or Staff on an as-needed basis.

D. Proxy Voting Procedures

The Board requires that the Investment Manager(s) exercise its authority with regard to proxy voting, in accordance with its fiduciary duty under law.

The Investment Manager(s) shall issue semi-annual reports on the proxy voting actions taken, including:

1. Affirmation that all stock holdings with votes due have, in fact, been voted;
2. Description of any proposed changes in proxy voting policies or procedures;
3. Confirmation that all votes cast were consistent with established policy;
4. Explanation of any votes not cast or of any votes cast that were not consistent with established policy; and
5. Summary listing of all votes cast.

IX. DUTIES OF THE BOARD OR ITS DESIGNATE(S)

The Board has the responsibility for the administration of the Fund for the benefit of Plan participants, although it is not the intent or responsibility of the Board to become involved in the day-to-day investment decisions. The Board or its designee(s) will adhere to the following procedures in the management of the Fund's assets:

A. The Board develops and approves policies for the execution of the Board's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the implementation and administration of these decisions.

B. The Board shall review investments quarterly, or as needed, to ensure that policy guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks, as well as peer group comparisons. The source of information for these reviews shall come from Staff, the Consultant, the Custodian and Investment Managers.

C. The Board shall retain an Investment Consultant to provide such services as conducting performance reviews, asset allocation, manager reviews, and investment research.

D. The Board shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for separate portfolios managed by external managers will focus on the following areas:

   1. Manager compliance to the Statement guidelines.

   2. Material changes in the managers' organizations, such as investment philosophy, personnel changes, acquisitions or losses of major accounts, etc. The managers will be responsible for keeping the Board advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance.

   3. Investment performance relative to each manager's stated performance benchmark(s) as set forth in the Managers investment guidelines.

E. The Board shall be responsible for selecting qualified investment managers, consultant, and custodian.

F. No less frequently than quarterly, the Trustees will review the overall performance of the investment funds. As part of this review process, the Trustees will prepare or cause to be prepared a Performance Monitoring Report, which shall review the performance of the investment vehicles in light of the criteria set out in this Investment Policy Statement. The purpose of this report is to satisfy the Trustees' obligation to monitor performance of the Plan's investments. A copy of the Report should be sent to the City Manager through the Finance Director as well.

X. DUTIES OF THE INVESTMENT CONSULTANT

An Investment Consultant (Consultant) shall be hired by the Trustees to assist in issues such as asset allocation, performance monitoring, manager searches and selection. The Consultant shall avoid any financial interests or transactions that would create a real or potential conflict of interest for work performed for the City of Springfield. The Consultant shall be compensated on a hard dollar basis only. The Consultant shall refrain from entering into soft dollar arrangements with brokers or Managers or their affiliates. The Consultant shall not accept payments directly or indirectly from any Investment Managers except Investment Consultant summits, seminars or meetings to which Investment Managers and/or perspective Investment Managers are invited so long as, and only in the event that, Investment Consultant provides the Board with full written disclosure of all Investment Managers and prospective Investment Managers that attend each summit, the amount and year of each payment from each currently recommended Investment

Manager and current Investment Manager. With regards to current Investment Managers and recommended Investment Managers, such payment information and dates shall be delivered to the Board for the three (3) year period prior to the date such Investment Managers are engaged by the Board as an Investment Manager for the Plan and shall be updated quarterly. The Consultant will not be compensated in any fashion either directly or indirectly by any parties involved, other than the Plan itself.

The Consultant shall act in a fiduciary capacity to the extent provided in the Employee Retirement Income Security Act of 1974 ("ERISA") as amended and other applicable law despite the fact that ERISA does not, by law, extend to this Plan. In performing any non-fiduciary services, the Consultant shall act in accordance with the highest standards of the investment consulting industry.

The responsibilities of the Investment Consultant, in addition to the duties set forth throughout this Statement and by law, shall include the following:

1. Attend Board of Trustee meetings on a quarterly basis and one or more meetings as required related to manager searches, educational seminars, and other matters as may be required from time to time.

2. Prepare, review and deliver quarterly Performance Monitoring Reports and an annual report.

3. Provide quarterly evaluations of Investment Managers.

4. Consultations as needed with the Investment Managers to rebalance Fund assets explain investment policies and guidelines of the Fund to the managers and other matters as may be required from time to time.

5. Monitor activities of Investment Managers and advise the Board if an Investment Manager is not operating within the parameters of this Statement and contract terms.

6. Coordinate presentations by individual Investment Managers to the Board.

7. Make recommendations to the Board regarding investment policy, rebalancing and strategic asset allocation.

8. Assist the Board in the selection of qualified Investment Managers and in the review of existing Managers, including monitoring changes in personnel, ownership and the investment process.

9. Assist the Board in the selection of a qualified custodian if necessary.

10. Provide topical research and education on investments and related issues and subjects as requested by the Board or Staff.

11. Communicating information that concerns the Board.

12. Review the composition of each portfolio, asset class and portion of the Fund held by any Managers as needed to assure that each comply with this Statement.

13. Ensure that the Investment Managers conform to the performance related terms of their contracts and this Statement and that performance monitoring systems are sufficient to provide the Board with the most timely, accurate, and useful information reasonably possible.

14. Disclose with reasonable promptness to the Board any material changes in the Consultant's organization, such as key personnel changes, disciplinary actions taken by any regulatory body arising from the Consultant's or its representatives alleged conduct, statements, or omissions.

15. Be an SEC registered investment advisory firm under the 1940 Act or an authorized bank or trust, or be recognized as providing demonstrative expertise in the investment consulting industry for institutional, tax exempt entities.

16. Provide the Board with proof of liability and fiduciary insurance coverage.

17. Provide the Board with updated ADV parts 1 and 2 annually.

18. Provide the Board with risk measurement statistics including, without limitation, standard deviation comparison between the Investment Managers and their applicable bench marks recognizing that the Fund's risk tolerance is moderate.

XI. DUTIES OF THE CUSTODIAN

Assets may be held by a Custodian as determined by the Trustees in the name of the City of Springfield Police Officers' and Fire Fighters' Retirement system. The Custodian will regularly summarize these holdings in an acceptable format for the Trustees' review. The Custodian will allocate funds to the various Managers at the direction of the Trustees. All indicia of ownership of any assets of the Plan shall be maintained within the jurisdiction of the courts of the United States.

The Custodian shall be responsible to the Board for the additional following duties:

1. Provide complete global custody and depository services for the designated accounts.

2. Manage a Short Term Investment Fund (STIF) for investment of any un-invested cash, and ensure that all available cash is invested. If the cash reserves are managed externally, full cooperation must be provided.

3. Provide in a timely and effective manner a monthly report of the investment activities implemented by the investment managers.

4. Collect all income and realized principal realizable, and properly report it on the periodic statements.

5. Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions. The statements should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.

6. Report situations where accurate security pricing, valuation, and accrued income are either not possible or subject to considerable uncertainty.

7. Assist the Plan to complete such activities as the annual audit, transaction verification, or unique issues as required by the Board.

8. Manage a securities lending program to enhance income if directed by the Board. If the securities lending program is managed externally, full cooperation must be provided.

XII. DUTIES OF THE STAFF

Staff (the City Finance Director, Fund Administrative Director, Secretary and City Law Department and Purchasing Department) oversees and directs the implementation of Board policies and manages the Fund on a day-to-day basis. Furthermore, Staff's responsibilities include the following:

1. Invests the Fund's cash without requiring Board's permission.

2. Monitors Investment Managers for adherence to appropriate policies and guidelines.

3. Evaluates and manages the relationships with brokers, managers, and custodian(s) to the Fund to ensure that they are providing all of the necessary assistance to the Board and to Staff.

4. The Staff will execute portfolio restructuring resulting from portfolio rebalancing or Manager terminations with the assistance and guidance of Consultant and Managers, as needed.

5. The Staff and its designee(s) shall be responsible for organizing and/or participating in any special investigation for the Board.

6. The Staff shall ensure that Investment Managers conform to the non performance related terms of their contracts with the assistance and guidance of Consultant and Managers, as needed.

7. The Staff shall advise and keep the Board apprised of any other events of investment significance.

8. Implements/Administers policies made, and actions taken, by the Board.

9. Administer the Fund in a cost effective manner including custodial fees, transaction costs, and other administrative costs of the Fund.

10. Obtain, annually, the regulatory disciplinary history of the Investment Consultant from the Securities and Exchange Commission.

XIII. CONFLICTS OF INTEREST

No salaried officer or employee of the City of Springfield and no member of City Council shall have a financial interest direct or indirect with the Investment Consultant, Investment Managers or the Custodian. Any federal regulations and applicable provisions in RSMo Chapter 105 shall not be violated.

The Administrative Director, all of the other members of the Staff, the Investment Managers, Investment Consultant and Custodian and Trustees, in their fiduciary capacities to the Fund, are all prohibited from receiving any fees or other compensation directly or indirectly, or any other remuneration or benefit, directly or indirectly, including any soft dollar relationships, as a result of their services to, for or on behalf of the Fund unless full advance written disclosure of such compensation and relationship is made to the Board and expressly waived in writing by the Board. All of the above shall also disclose all relationships that might be perceived to constitute a conflict of interest (other than their status as taxpayers). The Administrative Director, the Investment Managers and the Investment Consultant shall all execute acknowledgements, that they are fiduciaries of the Plan.

The Trustees hereby adopt this Statement for the City of Springfield Police Officers' and Fire Fighters' Retirement System this 11th day of APRIL __________, 2013. This Statement supersedes any previous Investment Policy Statement upon its adoption by City Council.

CITY OF SPRINGFIELD POLICE OFFICERS'
AND FIRE FIGHTERS' RETIREMENT SYSTEM

VOTING TRUSTEES

Charles Cowherd - Chairman	Ron Hoffman	Chris Thompson
Jerry Fenstermaker	James Gillette	Josh Hartman
Marilyn Hill	Paul Carroll	Scott Steck

[SPECIMEN]
XIV. INVESTMENT MANAGER ACKNOWLEDGMENT

By signing below, the Investment Manager agrees to the terms and conditions of this Statement. Should the Manager believe at any time that changes, additions, or deletions to the Statement are advisable, the Manager should communicate those items in writing for review by the Trustees.

The Manager affirms that they are an Investment Manager and a Fiduciary as defined under ERISA and will comply with all duties required of an Investment Manager as defined in ERISA, although this Plan is not specifically subject to ERISA.

The signature below affirm and acknowledge that this Investment Policy Statement has been read, understood and accepted by the Manager.

Manager Specific Guidelines
Performance Benchmark: ___________________
Universe Comparison: ___________________

INVESTMENT MANAGER: DATE:

_________________________________ _________________________

Name:___________________________
Title: ___________________________

STATE OF _____________)
) ss
COUNTY OF ___________)

On this _____ day of _________________________, 2012, before me, a Notary Public, personally appeared \, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he\she executed the same as his\her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the county and state aforesaid, the day and year first above written.

____
Notary Public

____
(Print Name)

My Commission Expires: __________________

Section XV -Exhibit A Manager Specific Guidelines

These Manager Specific Guidelines are an exhibit to the City of Springfield Police Officers & Firefighters Retirement Plan **"Statement" of Overall Investment Objectives and Policy**.

Manager: **State Street Global Advisors (SSgA)**
Mandate: Large Cap Equity
Index Benchmark: S&P 500 Index
Universe: US Core Large Cap Equity

Asset Allocation:	Lower Limit	Target	Upper Limit
Large Cap Equities	100%	100%	100%

Modification of Restrictions: ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

Section XV -Exhibit A Manager Specific Guidelines

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Manager:	**State Street Global Advisors (SSgA)**
Mandate:	Small Cap Equity
Index Benchmark:	Russell 2000 Index
Universe:	US Core Small Cap Equity

Asset Allocation:	**Lower Limit**	**Target**	**Upper Limit**
Small Cap Equities	100%	100%	100%

<u>Modification of Restrictions</u>:

ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

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Manager: **Pictet Asset Management**
Mandate: International Equity
Index Benchmark: MSCI EAFE (net) Index
Universe: International Equity

Asset Allocation:	Lower Limit	Target	Upper Limit
International Equity	100%	100%	100%

<u>Modification of Restrictions</u>:

ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

Section XV -Exhibit A Manager Specific Guidelines

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Manager: **Galliard Capital Management**
Mandate: Intermediate Fixed Income
Index Benchmark: Barclays Capital Intermediate Aggregate Index
Universe: US Intermediate Fixed Income

Asset Allocation:	Lower Limit	Target	Upper Limit
Domestic Fixed Income	100%	100%	100%

Modification of Restrictions:

ANY REQUESTED CHANGES BY MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES.

Section XV -Exhibit A Manager Specific Guidelines

These Manager Specific Guidelines are an exhibit to the City of Springfield Police Officers & Firefighters Retirement Plan **"Statement" of Overall Investment Objectives and Policy**.

Manager: **Brandywine Global Investment Advisors**

Mandate: International Fixed Income

Index Benchmark: Citi World Government Bond ex-US Index

Universe: International Fixed Income

Asset Allocation:	Lower Limit	Target	Upper Limit
International Fixed Income	100%	100%	100%

Modification of Restrictions:

ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

Section XV -Exhibit A Manager Specific Guidelines

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Manager: **Prudential Real Estate Investors (PRISA)**
Mandate: Real Estate
Index Benchmark: NCREIF ODCE Equal Weighted
Universe: N/A

Asset Allocation:	Lower Limit	Target	Upper Limit
Real Estate	100%	100%	100%

<u>Modification of Restrictions</u>:

ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

Section XV -Exhibit A Manager Specific Guidelines

These Manager Specific Guidelines are an exhibit to the City of Springfield Police Officers & Firefighters Retirement Plan **"Statement" of Overall Investment Objectives and Policy**.

Manager: **State Street Global Advisors (SSgA)**
Mandate: Commodities
Index Benchmark: Dow Jones-UBS Commodity Index
Universe: N/A

Asset Allocation:	Lower Limit	Target	Upper Limit
Commodities	100%	100%	100%

Modification of Restrictions:

ANY REQUESTED CHANGES BY THE MANAGER TO BE NOTED IN THIS SECTION AFTER WRITTEN APPROVAL FROM THE INVESTMENT CONSULTANT OR THE FUND COUNSEL OR THE BOARD OF TRUSTEES

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